

File



Department of Energy
Acquisition Regulation

No. 91-8
Date October 23, 1991

ACQUISITION LETTER

This Acquisition Letter (AL) is issued by the Director, Office of Procurement, Assistance and Program Management, pursuant to a delegation from the Secretary.

CONTENTS

DEAR

970.1509-2

TITLE

Special considerations --
educational institutions

I. Purpose. The purpose of this AL is to provide guidance on implementing Department of Energy (DOE) fee policy in the establishment of management allowances, as set out in the Department of Energy Acquisition Regulation (DEAR).

II. Background. DEAR 970.1509-2, states that DOE policy is generally not to pay fees for management and operating (M&O) contracts with educational institutions. However, the DEAR recognizes that there may be special circumstances wherein it is "permissible to reimburse or pay a management allowance to any educational institution provided such allowance can be justified and has the approval of the Head of the Contracting Activity." Several recent Inspector General (IG) reports have questioned the basis for justification of management allowances to non-profit educational institutions. The IG reports have recommended that criteria and guidance should be provided to DOE officials to use in establishing management allowance amounts.

III. Guidance. While it is DOE's policy not to routinely pay a management allowance to all nonprofit educational M&O contractors, the following criteria shall be used to determine the amount of an allowance when it is determined that such an allowance is in the best interest of the Department:

1. Costs of the parent institution, such as indirect expenses, which are allowable costs of Government contracts/assistance awards in accordance with the applicable Office of Management and Budget Cost Principle Circulars or DEAR Subpart 970.31 Cost Principles, and which can be identified as being in support of the DOE operations; or
2. The cost of appropriate compensation for home office expenses specifically incurred in the general management and administration of the parent institution's business as a whole and which have a directly benefiting relationship to the DOE program; or
3. Other identifiable expenses or benefits in support of the Department's operations; or
4. Special circumstances as deemed appropriate for which a management allowance will be paid in recognition thereof.

IV. Effective date. This AL is effective immediately upon its release.

V. Expiration date. This AL will remain in effect until incorporated in the DEAR, or until rescinded or amended.